

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
FRB-03 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04  
SIL-01 OMB-01 L-03 H-01 SS-15 NSC-05 PA-01 PRS-01  
USIA-06 IGA-02 /083 W  
-----230422Z 071439 /63

R 221451Z APR 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 3585  
INFO ALL EC CAPITALS  
USMISSION OECD PARIS  
AMEMBASSY LISBON

C O N F I D E N T I A L EC BRUSSELS 4035

E.O. 1652: GDS  
TAGS: EFIN, EAID, EEC, PO  
SUBJECT: US/EC CONSULTATIONS: FINANCIAL ASSISTANCE FOR PORTUGAL

1. DURING AMBASSADOR HINTON'S " POLITICAL DINNER" ON  
APRIL 20 IN CONNECTION WITH US/EC CONSULTATIONS, UNDER  
SECRETARY COOPER AND ASSISTANT SECRETARY HARTMAN PROVIDED  
EC COMMISSION OFFICIALS (COMMISSIONERS HAERKAMP AND  
DAVIGNON, DIRECTOR GENERAL HIJZEN, FROSCHMAIER, AND  
AMBASSADOR SPAAK) WITH PREVIEW OF NEW U. S. PLANS FOR  
FINANCIAL ASSISTANCE T PORTUGAL ( STATE 88960 ARRIVED  
SUBSEQUENT TO MEETING).

2. COOPER OBSERVED THAT OUR NEW PROPOSAL CONSTITUTES  
MODIFICATION OF 1.5 BILLION CONSORTIUM APPROACH IN FAVOR  
A LESS FORMAL ARRANGEMENT INVOLVING SOMEWHERE BETWEEN \$700  
AND \$800 MILLION I EXTERNAL BALANCE OF PAYMENTS  
ASSISTANCE FOR PORTUGAL TO VERCOME ACUTE DIFFICULTIES  
FORESEEN IN EXT 12-15 MONTH PERIOD. PRESIDENT CARTER  
HAS APPROVE REQUEST TO U. S. CONGRESS FOR \$300 MILLION  
CONTRIBUTION, AND WE HOPE THAT MOST OF THE REMAINING  
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ASSISTANCE WILL BE PROVIDED BY THE EUROPEANS WHO SHOULD  
CLEARLY HAVE MOST DIRECT INTEREST IN SEEING PORTUGAL  
THROUGH THIS DIFFICULT PERIOD. AS TO THE TIMETABLE FOR  
PUTTING THIS ARRANGEMENT TOGETHER, COOPER INDICATED OUR  
HOPE TO HAVE COMMITMENTS IN PLACE BY OCTOBER OF THIS  
YEAR. IN ADDITION, COOPER SAID WE FORESEE A SECOND PHASE  
OF INTERNATIONAL ASSITANCE TO PORTUGAL INVOLVING DRAWINGS

OF PERHAPS \$700 MILLION FROM THE NEW IMF SPECIAL FACILITY, WHICH WITTEVEEN HAS TOLD US HE BELIEVES HE COULD OBTAIN FOR PORTUGAL, ON CONCITION THAT THE MORE IMMEDIATE BALANCE OF PAYMENTS ARRANGEMENT WAS ASSURED.

3. COPER THEN INQUIRED WHETHER THE EC WOULD BE IN A POSSITION TO MAKE A CONTRIBUTION IN THE AREA OF \$300 MILLION TO SUCH A LENDING ARRANGEMENT. THE COMMISSION OFFICIALS WERE DUBIOUS ABOUT BUDGETARY RESOURCES, BUT SPECULATED ON THE POSSIBILITY OF RAISING FUNDS THROUGH CENTRAL BANKS OR THROUGH THE MECHANISM OF A COMMUNITY GUARANTEED LOAN FACILITY SIMILAR TO THAT ARRANGED TO ASSIST ITALY. THEIR PRINCIPAL CONCERN APPEARED TO BE THAT OF TIMING --PARTICULARLY ABOUT THE POSSIBILITY OF DOING ANYTHING BEFORE THE END OF THIS YEAR. COMMENTS FROM BOTH HAFERKAMP AND DAVIGNON REFLECTED HESITATION ABOUT EMBARKING ON THIS TYPE OF FINANCIAL ASSISTANCE PRIOR TO COMPLETION BY THE COMMISSION OF A FORMAL " OPINION" ON THE PORTUGUESE ACCESSION APPLICATION ( IN WHICH PROVISION IS FORESEEN FOR VARIOUS TYPES OF EC AID TO PORTUGAL TO ASSIST THE GOP DURING THE DIFFICULT PRE-ACCESSION PERIOD). AMBASSADOR HINTON STRESSED THE POINT THAT PORTUGAL'S NEEDS ARE IMMEDIATE IN ORDER TO ASSURE POLITICAL STABILITY AND ECONOMIC RECOVERY, AND HE THOUGHT THE EC RESPONSE EEEDED TO BE SOMETHING MORE THAN A RECOUNTING OF EARLIER AID PROVIDED BY THE EC AND ITS MEMBER STATES. HAFERKAMP TOOK THE ARGUMENT, AND WHILE IN NO WAY MINIMIZING THE DIFFICULTIES IN PUTTING TOGETHER AN EC CONTRIBUTION, INDICATED HE

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WAS PREPARED TO EXPLORE SUCH A CONTRIBUTION IN A POSITIVE WAY. HINTON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, FINANCE, APPROPRIATIONS, DEBT REPAYMENTS, NEGOTIATIONS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ECBRU04035  
**Document Source:** CORE  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** US/EC CONSULTATIONS: FINANCIAL ASSISTANCE FOR PORTUGAL  
**TAGS:** EFIN, EAID, PO, US, EEC, (HINTON, DEAN R)  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009